



Human Values and Human Resource Utilization

The Daiwa Securities Group is committed to creating a workplace that its employees strongly feel is worth working for, and can take on new challenges in their work with high motivation.

Vision and medium-term goals for a company worth working for

In July 2006 and March 2007, the Daiwa Securities Group set the target of being the top securities group in Japan, full of motivation and passion. We have created a company vitalization program to be a company that highly motivates its employees and creates greater job satisfaction. We implement a number of measures,

including expansion of female employees support plan, enhancements to mental healthcare, and a career path for temporary employees to become permanent employees, so that everyone working in our Group will (1) feel confident in the company; (2) have pride in their work, with an understanding of the role and significance of the business; and (3) share a sense of solidarity with the company and their coworkers.

» Issues and targets for fiscal 2006	» Results and progress for fiscal 2006
Strengthen initiatives for job creation.	<ul style="list-style-type: none"> • Hired 1,423 fiscal 2007 graduates, a huge increase over previous years. • Converted temporary employees to permanent employees. • Actively hired persons with disabilities, and increased ratio of disabled employees.
Enhance education and training programs to increase the number of qualified analysts and certified financial planners (CFPs).	<ul style="list-style-type: none"> • Increased number of certified securities analysts and CFPs by providing last-minute reports and other information, and providing test-preparation classes.
Continue workplace initiatives in support of female employees.	<ul style="list-style-type: none"> • Received Tokyo Labor Bureau Chief Award of Excellence in the Corporate Equal Opportunity Awards in recognition of our support for the female employees. • Created a working environment that is supportive of women, including creating the Childcare Support Guidebook, and launching the Daiwa Family Net, which supports a good balance between work and family.

Hiring initiatives

Daiwa Securities Group believes that in order to increase employees who share the feeling of confidence and pride in the company and a sense of solidarity, we must offer them long-term employment. For this reason, we create a system of hiring and employment contracts that primarily focus on long-term employment.

In April 2007, we hired 1,423 new graduates. This was the largest number of new-graduate hires in the securities industry. We expanded communications in our hiring process through seminars, small meetings, and the like, in order to improve the mutual understanding between students and our company. This

effort also improved our score in rankings of companies that students most want to work for.

We have also created a new program that offers a career path for temporary employees to become full-time employees. In fiscal 2006, more than 100 temporary employees became full-time employees through this program. We will also continue to periodically elevate temporary employees to full-time status.

We also conducted broad, nationwide efforts to hire persons with disabilities, with a focus on the sales branches of Daiwa Securities Co. Ltd. As of end-March 2007, persons with disabilities accounted for 1.95% of our workforce, averaged across nine group companies. This is a 0.1% increase from fiscal 2006. In fiscal 2007, we will actively begin hiring new graduates with disabilities as well.

Human-resources development and skill improvement

Daiwa Securities Group has a wide range of training and other programs aimed at improving skills, with the goal of making us the number-one professional team in the industry. We have a highly effective training program that tailors training to the audience and context, including training for specific positions and career stages (such as new hires), executive and management training, and selective training. We have an especially complete program for the first three years after hiring, identifying this as the period for acquiring a broad range of knowledge and skills.

We have also introduced set certification requirements for employee promotions and advancement. The system works by giving employees points for obtaining certifications appropriate for securities business, such as securities analyst and financial planner, and requiring a certain minimum number of points in order to be promoted to such positions as general manager. The system was announced in 2005, and will go into effect in June

Number of new graduates hired in Daiwa Securities Group (consolidated bases)

(persons)

		April 2005	April 2006	April 2007
Career-track employees/ Regional career-track employees* ¹	Male	251	401	570
	Female	235	326	610
General employees	Male	0	0	0
	Female	81	101	243
Financial advisors* ²	Male	34	33	0
	Female	40	17	0
Total		641	878	1,423

*¹ Regional career-track employees make up a class of career-track employees who stay in one region and are not subject to transfers that require a change of residence. Full-scale hiring of new graduates into this class began in April 2002.

*² Financial advisors are employees who work in sales at Daiwa Securities Co. Ltd., under one-year contracts.

Employees at Daiwa Securities Group (consolidated bases)

(persons)

		As of March 31, 2005			As of March 31, 2006			As of March 31, 2007		
		Employees	Financial advisors	Temporary employees* ¹	Employees	Financial advisors	Temporary employees* ¹	Employees	Financial advisors	Temporary employees* ¹
Japan	Male (Career-track* ²) (Manager)	6,879	258	–	6,971	357	–	7,341	324	–
	Female (Career-track* ²) (Manager)	3,220	690	–	3,300	698	–	3,666	593	–
	Japan total	10,099	948	1,627	10,271	1,055	1,752	11,007	917	1,914
Overseas		1,196	–	48	1,235	–	46	1,340	–	37
Total		11,295	948	1,675	11,506	1,055	1,798	12,347	917	1,951

*¹ Temporary employees are part-time hires; the figure shown here is the average number of such employees over the year. This class of employees is mostly made up of women.

*² Includes regional career-track employees and specialist positions.

2008. Partly due to the effects of this program, the number of employees with securities analyst, financial planner, and similar certifications has risen, and the program has shown significant success at its original goal: motivating employees to voluntarily and continuously study.

- ▶ **WEB** Internal (intra-Group) job postings and new career path examinations

Evaluation system

In order to make its evaluation system fairer and more acceptable to employees, we implement a “two-way evaluation system” in which superiors and subordinates evaluate each other, and a “multi-directional evaluation system,” evaluations are received from collaborating departments. These evaluation systems are used when making personnel-transfer, promotion, and advancement. Evaluations are multi-faceted, also taking compliance-related performance into account.

Persons earning credentials (nine principal group companies) (persons)

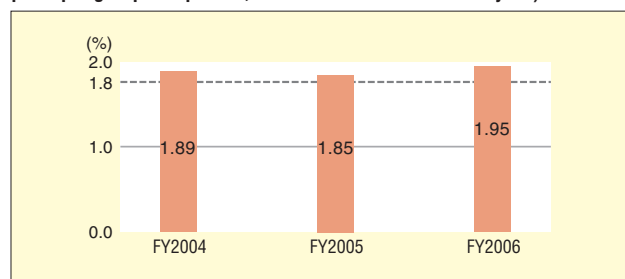
Total as of	March 31, 2007
Credentials	Credentialed persons
Chartered Member, Security Analyst Association of Japan	1,444
Chartered Financial Analyst (USA credential)	46
Financial Planner (AFP)	2,445
Financial Planner (CFP)	234
Licensed Tax Accountant	17
Variable insurance sales credentials	5,579
System Analyst	28
Overseas MBA program graduate, etc.	153

Basic employee statistics (Daiwa Securities Group Inc.)

	FY2004	FY2005	FY2006
Average annual salary*	¥8.68 million	¥10.22 million	¥11.87 million
Average age	37.1 years old	37.8 years old	37.9 years old
Average number of years of service	10.7 years	11.0 years	11.4 years

* Average annual salary includes bonuses and other forms of additional remuneration.

Employment rate for persons with disabilities (average across the nine principal group companies, as of the end of each fiscal year)





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Creating an environment that is supportive of women

The Daiwa Securities Group actively supports its female employees. We have introduced a wide range of programs enabling our female employees to achieve a work-life balance, including the introduction of the Female Employee Support Plan, led by the Women's Support Action Team, which is located in the Personnel Department of Daiwa Securities Group Inc. We actively hire women, confident in the ability of female employees to shine in the workplace. The number of women hired by the Group increases each year, and we actively promote female employees to management positions. In June 2006, Daiwa Securities Group Inc., Daiwa Securities Co. Ltd., and Daiwa Securities SMBC Co. Ltd. won the Tokyo Labor Bureau Chief Award of Excellence in the fiscal 2006 Corporate Equal Opportunity Awards conducted by the Ministry of Health, Labor and Welfare in recognition of the three companies' support for the advancement of women.

WEB Female Employee Support Plan

Daiwa Securities Group's female employee and manager* ratios in Japan

	March 31, 2005	March 31, 2006	March 31, 2007
Ratio of female employees to total employees	31.9%	32.1%	33.3%
Ratio of female managers to total managers	2.2%	2.7%	2.9%

* Deputy general manager or higher

Comment from stakeholder

Balancing work with children



Rie Kataoka
Asset Consultant Section (I)
Ueno Branch
Daiwa Securities Co. Ltd.

I balance my job in sales with caring for my two year-old son. My parents don't live close by, so when my son gets sick I have to take off work, but when I do, my coworkers help me to contact my customers. I also get a lot of cooperation from the people at work; for example, they remind me to go home early. That has allowed me to balance my job with raising a child. Pretty soon now, I'll be taking my second maternity leave. I have to admit that I'm a little worried about returning to work after my maternity leave, but I plan to continue working as long as possible.

Commitment to a healthy working environment

Our Human Rights Awareness Promotion Committee is chaired by the Daiwa Securities Group Inc. director in charge of personnel management. The committee provides training to directors and employees. It also strengthened the measures against sexual harassment in the Group, consequent to the enactment of the revised Equal Employment Opportunity Law in April 2007. Daiwa Group also manages employees' working hours. Daiwa Securities Group Inc. and Daiwa Securities Co. Ltd. encourage employees to leave by 7 p.m. Several programs have also been put in place to facilitate the taking of paid vacation, including "family days off" and "marriage preparation leave." As a result of these programs, employees take 35.6% of their paid vacation, which is an improvement from fiscal 2005.

Working hours and paid vacation usage rate (Daiwa Securities Group Inc., Daiwa Securities Co. Ltd., and Daiwa Securities SMBC Co. Ltd.)

	FY2004	FY2005	FY2006
Annual regular working hours (Hours)	1837.5	1845.0	1845.0
Average monthly overtime hours* (Hours)	29.3	27.0	26.2
Paid vacation usage rate	33.2%	34.3%	35.6%

* Figures represent the employees at the three companies who are members of the Daiwa Securities Group Employees' Union.

Employee welfare system usage (nine principal group companies**)

(persons)

		FY2004	FY2005	FY2006
Number of employees taking childcare leave* ²	Female	115	138	150
	Male	0	0	2
Number of employees taking family-care leave	Female	0	2	3
	Male	0	0	0

*¹ Results of FY2004 and FY2005 covered only Daiwa Securities Group Inc., Daiwa Securities Co. Ltd., and Daiwa Securities SMBC Co. Ltd.

*² Employees eligible for childcare leave include non-regular employees (contract workers, part-timers, etc.).

Initiatives for mental health

In August 2006, Daiwa Securities Group Inc. created a new Mental Health Support Promotion Department in order to maintain the mental health of our employees. The office provides consultations via telephone, face-to-face meetings, and via its website. A certified clinical psychologist is also on call to provide counseling. In fiscal 2006, we focused on raising employee awareness. Because attentiveness by superiors ties into prevention and early detection, we repeatedly provided training to managers and supervisors in order to gain their understanding. Additionally, the body and mind are closely linked, so the Mental Health Support Promotion Department collaborates with the medical offices and outside specialists in order to provide rapid support to our employees.



Mariko Kikutake
Clinical Psychologist
Mental Health Support Promotion Department

Just as with illnesses of the body, prevention and early care are vital for mental health. The best form of prevention is to track the stress you are feeling in your day-to-day life, and become skilled at changing your mood. If stress becomes so severe that you can't change your mood, you feel anxiety or depression, or find that you become tired easily, then we recommend talking to a friend or expert as soon as possible. Bottling up worry or stress causes a vicious cycle, making you more susceptible to stress-related ailments. If there is something troubling you, please don't hesitate to use the Mental Health Support Promotion Department.

Communication

The Daiwa Securities Group believes that it is vital to get direct feedback from employees. Our Personnel Department communicates with employees through interviews, and a semi-annual self-assessment questionnaire. We also communicate frequently with members of the Employees' Union, and maintain good relations between labor and management, including utilizing the results of spring negotiations and union-member questionnaire conducted by the union twice each year in a variety of policies and initiatives.

Number of Employees' Union members (seven principal group companies*, as of the end of each fiscal year) (persons)

	FY2004	FY2005	FY2006
Number of Employees' Union member	5,786	5,747	6,078

* Daiwa Asset Management Co. Ltd., which has its own employees' union, and Daiwa Property Co. Ltd. which has no employee union, are excluded from the Group's principal companies.

Supporting the careers of senior employees

The Daiwa Securities Group actively hires experienced employees. In 2000, we introduced the Daiwa Elder System, which re-hires senior employees after they have reached mandatory retirement age. In April 2006, we introduced the Daiwa Master System in order to actively employ highly motivated and skilled people regardless of age, including compliance with the revised Law concerning Stabilization of Employment of Older

Persons. Under this system, we continue to employ persons reaching retirement age and who meet certain criteria until the age of 65. We will continue to actively hire experienced employees.

Usage of the Daiwa Elder System and the Daiwa Master System (Daiwa Securities Group Inc., Daiwa Securities Co. Ltd. and Daiwa Securities SMBC Co. Ltd.) (persons)

	FY2004	FY2005	FY2006
Number of employees hired through the Daiwa Elder System	84	80	83
Number of employees hired through the Daiwa Master System	-	-	6

Initiatives for employee family

Recognizing that family support is essential for enabling our employees to fully harness their capabilities at work, we are deeply committed to communicating with our employees' families.

We invite the families of prizewinners to the Daiwa Securities President's Awards ceremonies held twice each year. We conduct a number of other initiatives aimed at making families feel close to the company as well. As an example, the president sends flowers to all employees each Christmas, including temporary employees.

Our mental-health support program also makes care available to all employees and their families nationwide. We are committed to creating an environment that is friendly to family life, supportive of our employees, and enables our employees to fully harness their capabilities at work.



Employees' families are invited to the President's Awards reception

>> Targets and main action plans for fiscal 2007

We will continue to introduce a wide range of measures for a work environment that allows men and women to achieve a work-life balance, from the perspectives of confidence, pride, and solidarity, in order to create a supportive corporate environment that keeps our employees highly motivated. We will also enhance our educational and training curricula in order to improve the professionalism of our team.